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PP RUEHFK RUEHKSO RUEHNAG RUEHNH  
DE RUEHKO #0459/01 0610124

ZNR UUUUU ZZH  
P 020124Z MAR 09  
FM AMEMBASSY TOKYO  
TO RUEHC/SECSTATE WASHDC PRIORITY 1126  
INFO RUEKJCS/SECDEF WASHDC PRIORITY  
RHEHAAA/THE WHITE HOUSE WASHINGTON DC PRIORITY  
RUEAWJA/USDOJ WASHDC PRIORITY  
RULSDMK/USDOT WASHDC PRIORITY  
RUCPDOC/USDOC WASHDC PRIORITY  
RUEAIIA/CIA WASHDC PRIORITY  
RUEKJCS/JOINT STAFF WASHDC//J5//  
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RUCNDT/USMISSION USUN NEW YORK 3942

UNCLAS SECTION 01 OF 10 TOKYO 000459

SIPDIS

DEPT FOR E, P, EB, EAP/J, EAP/P, EAP/PD, PA;  
WHITE HOUSE/NSC/NEC; JUSTICE FOR STU CHEMTOB IN ANTI-TRUST DIVISION;  
TREASURY/OASIA/IMI/JAPAN; DEPT PASS USTR/PUBLIC AFFAIRS OFFICE;  
SECDEF FOR JCS-J-5/JAPAN,  
DASD/ISA/EAPR/JAPAN; DEPT PASS ELECTRONICALLY TO USDA  
FAS/ITP FOR SCHROETER; PACOM HONOLULU FOR PUBLIC DIPLOMACY ADVISOR;  
CINCPAC FLT/PA/ COMNAVFORJAPAN/PA.

E.O. 12958: N/A

TAGS: [OIIP](#) [KMDR](#) [KPAQ](#) [PGOV](#) [PINR](#) [ECON](#) [ELAB](#) [JA](#)

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Articles:

1) Japan-China foreign ministerial: Agreement reached to urge North Korea to practice self-restraint over possible missile launch; Accord also reached to begin talks on prisoner-transfer agreement

TOKYO SHIMBUN (Page 1) (Abridged slightly)  
March 1, 2009

Yuji Hiraiwa, Beijing

Visiting Foreign Minister Hirofumi Nakasone held talks with Chinese counterpart Yang Jiechi on Feb. 28 in which the two leaders agreed not to let the dispute over the Senkaku Islands (Diaoyu in China) to adversely affect overall bilateral relations.

Turning to North Korea, which is showing signs of soon launching a long-range ballistic missile, the two leaders agreed to urge the DPRK to exercise self-restraint from the viewpoint that the country should not carry out any act that heighten tensions and threaten the

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region's peace and security. The two also agreed to work together in addressing the issues of North Korea's nuclear ambitions and abductions of Japanese citizens.

In order to overcome the global economic crisis, the two foreign ministers affirmed a policy direction of opposing protectionism and promoting multilateral trade. They agreed to begin talks for concluding a convention on prisoner transfers and a criminal extradition treaty. In addition, coordination will be made for a specific timeframe for a visit to China by Prime Minister Taro Aso.

Nakasone also expressed concern about China's military buildup and asked about progress in investigations into a food poisoning case triggered by Chinese-made frozen meat dumplings. In response, Yang reiterated Beijing's previous stance, saying that the country has been boosting transparency, as seen in the issuance of defense white papers, and that police authorities have been conducting thorough investigations into the food case.

Nakasone asked for China's cooperation for Tokyo's bid to host the 2016 Olympics. In response, Yang offered words of encouragement, saying: "I am fully aware of Japan's desire. I wish Japan the best of luck." The two leaders also agreed on a project to exchange 1,500 teachers between the two countries.

2) Foreign Minister Nakasone in talks with Chinese officials defines launch of missile by North Korea as violating UN resolution

SANKEI (Page 2) (Full)  
March 2, 2009

Akio Yaita, Beijing

Foreign Minister Hirofumi Nakasone held separate talks with Chinese Prime Minister Wen Jiabao and State Councillor Dai Bingguo in Beijing on the morning of March 1. In reference to North Korea's possible launch of a long-range ballistic missile, Nakasone said: "Even if North Korea says it is a satellite, if it launches it, it is clearly in violation of the UN Security Council resolution." In response, the Chinese officials did not present their clear views, but both sides agreed to seek North Korea's restraint.

In the Nakasone-Wen meeting, the two exchanged views on measures to

cope with the global financial crisis and the six-party talks on the North Korean nuclear development issue. They agreed to closely cooperate in dealing with these issues.

As for the timing for a visit to China by Prime Minister Taro Aso, Nakasone and Wen shared the need for coordination to bring about an early visit.

Regarding the controversial issue of gas field development in the East China Sea, the Japanese side revealed a desire to launch official talks.

On the issue of sovereignty over the Senkaku Islands, both sides just stated of their respective basic views. With respect to the food-poisoning cases in Japan last year triggered by Chinese-made frozen dumplings, Nakasone asked the Chinese side to provide information about the results of investigation.

3) North Korea cooperates in Iran's satellite launch, secretly

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linked to development long-range ballistic missiles

SANKEI (Page 1) (Full)

March 2, 2009

Takashi Arimoto, Washington

It has been learned as of yesterday that North Korean missile technical experts had cooperated in Iran's launch of an artificial satellite on Feb. 2. According to a source well informed of the situation of the Korean Peninsula, in exchange for helping the successful launch, North Korea received data from Iran. North Korea is considered to be making use of the data for its planned launch of a long-range Taepodong-2 missile. The reinforcement of cooperation between North Korea and Iran in developing technology to extend the range of a missile will surely be of concern to the international community.

According to the said source, a group of North Korean missile technicians were deeply involved in the process of Iran's satellite launch, from the preparation stage through the launch. The source said that Iran had asked North Korea for its help immediately after Iran launched a simulated satellite by its domestically produced rocket last August.

Iran announced the satellite launch in August was a "success," but according to U.S. military intelligence assessment, the Iranians did not successfully launch the rocket as a result of the second stage of the two-stage rocket going out of control. The satellite launch in February was important for Iran to commemorate the 30th anniversary of the Iranian Revolution, so the Iranians could not afford to fail. Given this, Iran asked North Korea, with which Iran has cooperated in developing ballistic missiles, to investigate the cause of the failure in the August launch and improve the product, the source analyzed.

The Safir 2 rocket - the launch vehicle of the satellite - reportedly was produced based on North Korea's missile technology. Since it is a two-stage, liquid-fuel rocket, like the Taepodong-2, the data have made it possible for North Korea to analyze the outcome of Iran's satellite launch in detail in preparation for firing a Taepodong-2 missile, according to the said source.

The North fired the Taepodong-2 in July 2006, but it exploded due to the loss of control immediately after it lifted off. Given this, Iran's success was a "great result," the source said, for North Korea, in a sense. North Korea lauded Iran's successful satellite launch in its Workers' Newspaper dated Feb. 7.

4) U.S. special envoy may visit North Korea, depending on North Korea's response

YOMIURI (Page 4) (Full)

March 2, 2009

Miyazaki, Washington

Stephen Bosworth, U.S. Special Representative for North Korea Policy, will visit Japan, China, and South Korea on March 2-10 for the first time in his new role. He will hold talks with officials responsible for the six-party talks, including Foreign Ministry's Asian and Oceanian Affairs Bureau Director General Akitaka Saiki.

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Results of his visits will be reflected in the Obama administration's policy toward North Korea.

Sung Kim, who has been named U.S. chief negotiator to the six-party talks, will accompany Bosworth on his Asia trip. Bosworth said that he may visit North Korea, depending on the results of the talks with his counterparts and a response by North Korea.

In his visits to the Asian countries, Bosworth and his counterparts will confer on what step they should take next to move the six-party talks forward, according to Secretary of State Hillary Clinton. Top nuclear issue negotiators to the six-party talks failed last December to agree on methods for verifying the nuclear program report submitted by Pyongyang. Since then, the six-party talks have remained stalled. Clinton has indicated a willingness to place the North Korean abduction and missile issues on the agenda of the six-party talks. Reflecting her intention, Bosworth is expected to discuss specific measures to that end with his counterparts, such as an establishment of a working committee.

On North Korea's apparent preparations for a launch of the Taepodong-2 or an upgrade of the long-range ballistic missile, tensions are growing as Adm. Timothy Keating, Commander of the U.S. Pacific Command, said recently: "If a missile leaves the launch pad, we will be prepared to shoot it down."

North Korea is apparently maneuvering to draw the U.S. into negotiations by stage-managing a critical situation. Bosworth's visits to Japan, China and South Korea are intended to show the Obama administration's posture of seriously addressing issues with North Korea, as well as to urge it to exercise self-restraint.

5) U.S. representative in Taipei clarifies stance of neutrality toward sovereignty over Senkaku Islands

MAINICHI (Page 2) (Full)  
March 1, 2009

Tetsuya Shoji, Taipei

According to the Central News Agency of Taiwan, a spokesman for the American Institute in Taiwan (AIT), the de facto U.S. diplomatic mission in Taipei, on February 28 clarified the U.S. government view of the Senkaku Islands, which are claimed by Japan, China and Taiwan: "The islands have been under the Japanese government's administration since 1972, when Okinawa was reverted to Japan. It therefore is within the scope of the application of the U.S.-Japan Security Treaty." Concerning which country has sovereignty over the Senkakus, the spokesman said, "The U.S. does not take any position."

The U.S. government has previously announced a similar position on the island. It appears that it has once again indicated its position, following Prime Minister Taro Aso's recent remark that the Senkaku Islands are covered by the bilateral security treaty.

6) Ambassador to Spain to double as ambassador in charge of Assistance to Afghanistan

MAINICHI (Page 2) (Full)  
March 1, 2009

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The Foreign Ministry officially announced that Ambassador to Spain Motohide Yoshikawa will double as ambassador for assistance to Afghanistan and Pakistan as of March 1. Prime Minister Taro Aso during a meeting with U.S. President Obama had announced his intention to dispatch Yoshikawa to the U.S. as his special envoy in early March to take part in the work of looking into a strategy to Afghanistan. Yoshikawa has been serving in the present post since August 2006, after serving as director general of the Middle Eastern and African Affairs Bureau.

7) In reaction to criticism of his comment on U.S. force realignment, Ozawa says, "I just said what was natural."

TOKYO SHIMBUN (Page 2) (Full)  
February 28, 2009

The government and the ruling parties are reacting fiercely to Democratic Party of Japan President Ichiro Ozawa's comment that the U.S. Navy's 7th Fleet is enough of a U.S. military presence (in the Far East). Ozawa in a press conference in Yokohama on Feb. 27, rebutted the reactions of the government and the ruling bloc, saying: "The Self-Defense Forces should do whatever they can without relying on the U.S. military. A lighter burden on the United States would mean less U.S. troops in Japan. I just said what was natural."

He also said: "It would be impossible (for the SDF) to join a contingency of another country. Our principles on security affairs will not change suddenly." About the modalities of the realignment of U.S. forces in Japan, Ozawa stated: "We don't know the specifics until we take the helm of government and ask the United States."

Meanwhile, DPJ Secretary General Yukio Hatoyama in a press conference on the same day explained Ozawa's comment: "He doesn't mean that other (U.S.) armed forces, such as the Air Force, are totally unnecessary." Hatoyama indicated a plan to proceed with party discussion to decide on its security policy in principle before the next House of Representatives election.

8) Ozawa's 7th Fleet remark: DPJ says such is not the party's view; Ruling camp criticizes Ozawa as "lacking capability to run the government"

YOMIURI (Page 2) (Excerpts)  
March 2, 2009

In connection to a series of remarks by Democratic Party of Japan (DPJ) President Ichiro, including, "The U.S. military presence of only the 7th Fleet in the Far East would be enough," a senior member of the DPJ appearing on a television program on March 1 was pressed to explain what Ozawa had meant.

Diet Affairs Committee Chairman Kenji Yamaoka on an NHK talk show explained: "During the meeting between Mr. Ozawa and Secretary of State Clinton, he made a statement, 'Since there have been major changes since the war, consideration should be given as to what to do, and if both countries agree, Japan should carry out a role that is should be doing.' Using that example, when the time comes for Japan to play such a role with the U.S.'s concurrence, it probably would take such a form (as the 7th Fleet being enough)." He then added, "As to whether that will become the DPJ's conclusion, discussion has yet to start." He stressed that Ozawa's remark was

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not the party's official view.

Vice President Kan, appearing on Fuji Television, said: "It is not much of a problem within the party. The U.S. Marines on Okinawa are not there to guard Okinawa, and the government, too, has decided that most of them should return to Guam. I don't think that the direction is that much different (from the government's position)." He sought to check the government and ruling camp which have been heightening their criticism.

In contrast, Liberal Democratic Party (LDP) Election Strategy Committee Deputy Chairman Kan, speaking in Iwate Prefecture, criticized: "He has rejected the very basis of Japan's defense policy. If such a willful person becomes prime minister, the relationship of trust between Japan and the United States will disappear."

9) SDP and PNP alarmed at Ozawa's 7th Fleet comment; Applying pressure on DPJ over possible cooperation

NIKKEI (Page 2) (Abridged slightly)  
March 1, 2009

Democratic Party of Japan (DPJ) President Ichiro Ozawa's provocative statements (on the alliance) have triggered consternation in other opposition parties. For instance, Ozawa commented that the U.S. Navy's 7th Fleet would be enough to secure the U.S. presence in the Far East in connection with the realignment of U.S. forces in Japan. The Social Democratic Party (SDP) is highly alarmed, taking this comment to mean the (DPJ's) intention to strengthen Japan's defense power. The DPJ is also at odds with the People's New Party (PNP) over the coordination of constituencies and Diet measures for the next House of Representatives election. A sense of alarm is simmering that given the Aso cabinet's plummeting support ratings, Ozawa might have begun to envision gaining a sole majority in the next election.

In the SDP's meeting of national representatives held on Feb. 28, many members erupted with discontent over the DPJ's security policy, one saying, "We should not form a coalition government with it." Further, many indicated that even if the DPJ took power, the SDP should not go any further than have an off-cabinet cooperative relationship. In a press conference, Secretary General Yasumasa Shigeno expressed his displeasure with Ozawa's comment.

Ozawa's (7th Fleet comment) is regarded as a specific example of what his stock argument of equal relations between Japan and the United States entails. But his comment has been taken in the party and elsewhere as meaning that Japan's defense buildup would help reduce the U.S. military presence in Japan. The DPJ, which wants to avoid a split, remains relatively calm, but the SDP cannot overlook Ozawa's statement.

The PNP is increasingly discontent with the fact that the Ozawa-led DPJ announced on Feb. 27 its independent candidate for Kanagawa Constituency No. 1 for the next Lower House election. Secretary General Hisaoki Kamei warned that if the DPJ independently decided on its candidates formally, his party would dissolve the joint House of Councillors group with the DPJ.

PNP Deputy Representative Shizuka Kamei, having the DPJ's decision to allow the fiscal 2009 budget bill to pass the Lower House by the

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end of February in mind, criticized the DPJ as self-serving. The PNP abstained from attending the Feb. 27 Lower House plenary session that adopted the fiscal 2009 budget bill and related bills.

The DPJ considers the SDP and PNP as the core of its political vision. That is because the party is nearly 10 seats short of a sole working majority in the Upper House even if DPJ-affiliated independent members are counted. But due to the Aso administration following a reckless path, some have begun to whisper that winning a sole majority in the Lower House could become a reality. There is speculation that if the Liberal Democratic Party suffers a humiliating defeat, over 10 Upper House members would come over the opposition side.

10) Additional economic stimulus package: Government to subsidize 5,000 yen for purchase of energy-saving electronic appliances

TOKYO SHIMBUN (Top Play) (Abridged slightly)  
March 1, 2009

The government and the ruling parties are now looking into additional economic stimulus measures. A draft package for the information and technology area was revealed on February 28. The envisioned project scale comes to approximately 6 trillion yen in three years. The proposals include a new system of subsidizing 5,000 yen for the purchase of an energy-saving home appliance that consumes less electricity and a measure to use IT for vocational training and education. The aim is make the system lead to assistance for efforts to curb global warming and related industries, as well as to stimulate consumption.

The full picture of the package will likely be set in late March after discussions by an expert council led by Prime Minister Taro Aso. Some ruling party members are calling for fiscal spending worth more than 20 trillion yen. The IT area will be characterized as a key area along with employment measures and public works in stimulating the economy.

A budgetary step for the package will be taken for about three years from the fiscal 2009 supplementary budget, the compilation of which is to be started in April, through fiscal 2011.

Measures for the IT area include the realization of a low carbon society, reform of small-and medium-size businesses and reform of local regions and their industries. A 5,000 yen subsidy for a purchase of an energy-saving electronic appliance, such as a refrigerator or an air conditioner, is being looked into. An additional 5,000 yen will be given for the installation of an antenna to receive terrestrial digital broadcasting to encourage a replacement.

#### Points of draft additional economic stimulus package for IT area

##### Realization of low carbon society

- ? Promote replacements for energy-saving electronic appliances
- ? Build a model for promoting the collection of cell phones

##### Industrial reform

- ? Promote integration of IT and the manufacturing industry

##### Reform of small- and medium-sized businesses

- ? Assistance for IT-based business management

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##### Reform of local regions and their industries

- ? Collaboration among agriculture, commerce and industry using IT
- ? Use of regional resources, based on innovative IT

##### Realization of electronic government, and secure and healthy society

- ? Build an emergency medical service system using in-vehicle IT
- ? Promotion of IT at public facilities
- ? Super e-learning initiative, such as a digital library

11) Koga urges Diet dissolution following passage of the fiscal 2009 supplementary budget

YOMIURI (Page 2) (Excerpt)  
March 2, 2009

Liberal Democratic Party (LDP) Election Strategy Committee Chairman Makoto Koga, appearing on a TV-Asahi program on March 1, expressed his view of the timing of the Lower House dissolution and election, giving as an example right after the passage of the fiscal 2009 supplementary budget. That budget is expected to be passed by the Diet after May. Koga said: "The high road under the Constitution is to seek the will of the people once everything we have to do on economic policy has been taken care of. I think that if Prime Minister Aso is strongly urged, he will make the proper judgment."

12) When will the Lower House be dissolved for a general election?

NIKKEI (Page 2) (Full)  
March 2, 2009

Since the fiscal 2009 budget is certain to be passed in the Diet before the March 31 end of the current fiscal year, politicians are now focusing on "spring politics," including when the next general election of the House of Representatives might be held. There is in the ruling Liberal Democratic Party (LDP) the beginnings of moves to consider replacing the prime minister. As such, Prime Minister Taro Aso, who has the right to dissolve the Lower House, has limited options.

#### Option 1: Lower House election on April 26

Until one month ago, the main argument was that whether the general election should be called in the spring or put off to the fall. This view appears to have disappeared due to the sudden resignation of Shoichi Nakagawa as finance minister and state minister of financial affairs, as well as the continued plummeting cabinet support rate in the polls. There is speculation in the LDP that the prime minister will lose his grip over the party, and some LDP members have already started talking about the possibility that Aso will opt for an early dissolution of the Lower House.

The earliest option for a snap election would be April 26 before the start of the Golden Week holidays. According to this scenario, the Lower House would be dissolved through talks between the ruling and opposition parties, giving priority to early passage of the fiscal 2009 budget and related bills. Under this option, Aso will most likely dissolve the house immediately after he returns home from London, where he will attend the G-20 (financial) summit on April 12.

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At a press conference on Feb. 27, Yukio Hatoyama, secretary general of the main opposition Democratic Party of Japan (DPJ), stated:

"There is a possibility that the ruling coalition will ask for our approval (toward Lower House dissolution through talks) in order to prevent our filing a censure motion and a no-confidence motion."

#### Option 2: General election on May 24

Aso has insisted that he will exercise the right to dissolve the Lower House on his own. Based on the constitutional 60-day rule, the Lower House will be able to take a second vote on the fiscal 2009 budget-related bills after April 28. If priority is given to the formulation of a new supplementary budget for the fiscal 2009, Lower House dissolution will be delayed. Since there is strong resistance against the postponement of Lower House dissolution, one rumor is that the election might be held on May 24.

Meanwhile, the view dominating the ruling coalition now is that it would be difficult to contest the next general election under Aso's leadership. One senior LDP member told an LDP lawmaker: "The last option is a recall election." The LDP regulation stipulates that a general election can be called by a request by a majority of all the party's Diet members and representatives of the 47 prefectural chapters. There is a possibility that a move to fight in the election under the leadership of a new prime minister will gain speed.

#### Option 3: Snap election to be held after G-8 summit

In a meeting on Feb. 25 of junior members of the Koga faction in the LDP, one participant sighed as he said: "Mr. Aso will not resign on his own. It is difficult to persuade him to step down from office." There is a view that the document the U.S. administration released after the recent Japan-U.S. summit meeting includes the phrase that the results will be produced during the period from the April financial summit to the July G-8 summit, and that timetable has become Aso's driving force.

If the prime minister puts off dissolving the Lower House in the name of first adopting all possible economic stimulus measures, the general election will probably be called on August 2 after the July

Metropolitan assembly election. There is also a possibility that Aso will announce his resignation as LDP president before his term expires on Sept. 30 to make his swan song.

If the Lower House is not dissolved by Sept. 10, the general election will be held after the terms of the Lower House members expire, which will be the second case for such to happen in the postwar period, following the one that took place under the cabinet of Prime Minister Takeo Miki.

13) Criticizing Japan's economic policies, former FRB board governor calls Japanese "goddamn stupid!" -- Aim may be to dodge criticism

NIKKEI (Page 3) (Abridged)  
Eve., February 28, 2009

"They are goddamn stupid!" These were the words used by former U.S. Federal Reserve Board (FRB) Governor Frederic Mishkin on Feb. 27 in a speech in New York to criticize Japan's fiscal and monetary policies during the prolonged recession there in the 1990s. It is

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unusual for a major U.S. financial leader to so bluntly criticize Japan's policies.

Former FRB Governor Mishkin until last August served as an aide and advisor to FRB Chairman Bernanke. He now is a professor at Columbia University Graduate School of Business. On Feb. 27, he was attending a seminar on monetary policy at the University of Chicago's Graduate School. In addition to supporting the FRB's monetary-easing stance, he called policy of the Bank of Japan of removing the zero interest policy in 2008 as "premature," and he pointed out that Japan's fiscal policy was only offered in "small doses." Saying that "since I am no longer in an official position," he criticized Japan as "not having done its work either in fiscal policy or monetary policy," adding, "They were goddamn stupid!"

Behind his criticism of Japan, his motive may have been to dodge criticism of the U.S.' own policy failure. Moreover, his aim may have been to send a message to officials at the seminar responsible for policy, such as senior regional bank officials, of not making the same mistakes as Japan.

ZUMWALT